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NYSE: SCS



FIRST QUARTER FISCAL 2015 RESULTS

Quarter ended May 30, 2014

WEBCAST

Thursday, June 26, 2014

steelcase inc

Forward-looking statements

From time to time, in written and oral statements, the company discusses its expectations regarding future events and its plans and objectives for future operations. These forward-looking statements generally are accompanied by words such as "anticipate," "believe," "could," "estimate," "expect," "forecast," "intend," "may," "possible," "potential," "predict," "project," or other similar words, phrases or expressions. Forward-looking statements involve a number of risks and uncertainties that could cause actual results to vary from the company's expectations because of factors such as, but not limited to, competitive and general economic conditions domestically and internationally; acts of terrorism, war, governmental action, natural disasters and other Force Majeure events; changes in the legal and regulatory environment; restructuring activities; changes in raw materials and commodity costs; currency fluctuations; changes in customer demands; and the other risks and contingencies detailed in the company's most recent Annual Report on Form 10-K and its other filings with the Securities and Exchange Commission. Steelcase undertakes no obligation to update, amend or clarify forward-looking statements, whether as a result of new information, future events or otherwise.

Updating of information

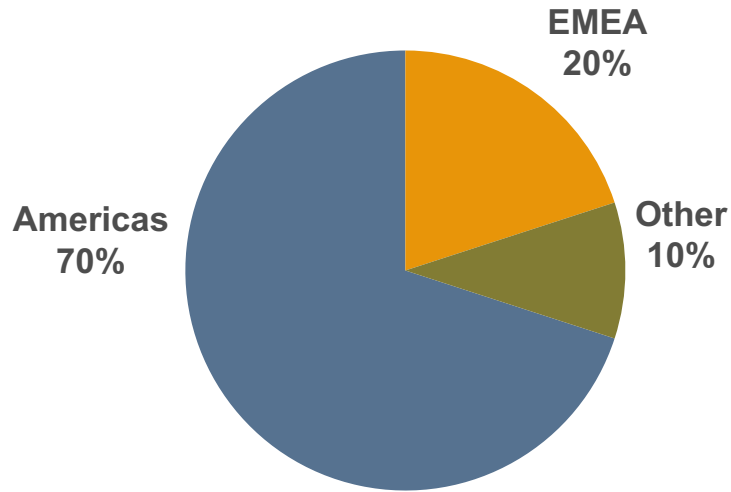
This presentation is provided as a supplement to our earnings release conference call and webcast on the date stated on the cover and is intended to be read in connection with the information provided therein and the related earnings press release. The information contained in this presentation is provided as of the date stated on the cover and may be superseded by information disclosed in our subsequent Form 10-Q, Form 10-K or other filings with the Securities and Exchange Commission. We undertake no obligation to update, amend or clarify this presentation, or any forward-looking statements included herein, whether as a result of new information, future events or otherwise.

Basis of presentation

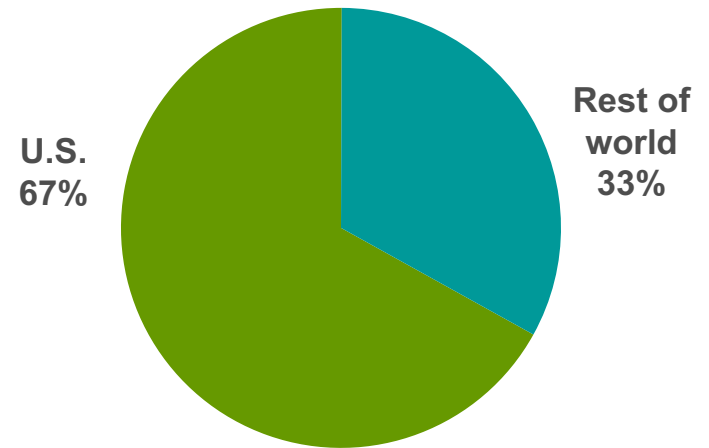
Reference to a year relates to the fiscal year, ended in February of the year indicated, rather than the calendar year, unless indicated by a specific date. Additionally, Q1, Q2, Q3 and Q4 reference the first, second, third and fourth quarter, respectively, of the fiscal year indicated. All amounts are in millions, except share and per share data, data presented as a percentage or as otherwise indicated.

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Segment View



Geographic View



BUSINESS SEGMENTS

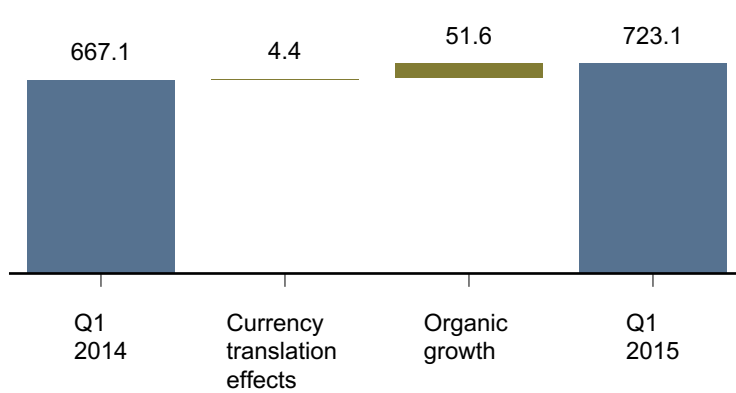
- The Americas segment serves customers in the U.S., Canada and Latin America with a portfolio of integrated architecture, furniture and technology products marketed to corporate, government, healthcare, education and retail customers through the Steelcase, Coalesse, Details and Turnstone brands.
- The EMEA segment serves customers in Europe, the Middle East and Africa primarily under the Steelcase and Coalesse brands, with an emphasis on freestanding furniture systems, storage and seating solutions.
- The Other category includes Asia Pacific, Designtex and PolyVision.

	(Unaudited) Three Months Ended				(Unaudited) Three Months Ended	
	May 30, 2014		May 24, 2013		February 28, 2014	
Revenue	\$ 723.1	100.0%	\$ 667.1	100.0%	\$ 779.4	100.0%
Cost of sales	504.5	69.8	457.2	68.5	534.8	68.6
Restructuring costs (benefits)	(10.5)	(1.5)	0.2	—	(3.8)	(0.5)
Gross profit	229.1	31.7	209.7	31.5	248.4	31.9
Operating expenses	191.9	26.5	185.1	27.8	193.2	24.8
Restructuring costs	0.8	0.2	4.2	0.6	1.0	0.1
Operating income	36.4	5.0	20.4	3.1	54.2	7.0
Interest expense	(4.4)	(0.6)	(4.4)	(0.7)	(4.5)	(0.6)
Investment income	0.4	0.1	0.6	0.1	0.3	—
Other income (expense), net	3.5	0.5	1.2	0.2	(5.4)	(0.7)
Income before income tax	35.9	5.0	17.8	2.7	44.6	5.7
Income tax expense	14.9	2.1	4.6	0.7	20.7	2.6
Net income	\$ 21.0	2.9%	\$ 13.2	2.0%	\$ 23.9	3.1%
Diluted earnings per share	\$ 0.17		\$ 0.10		\$ 0.19	

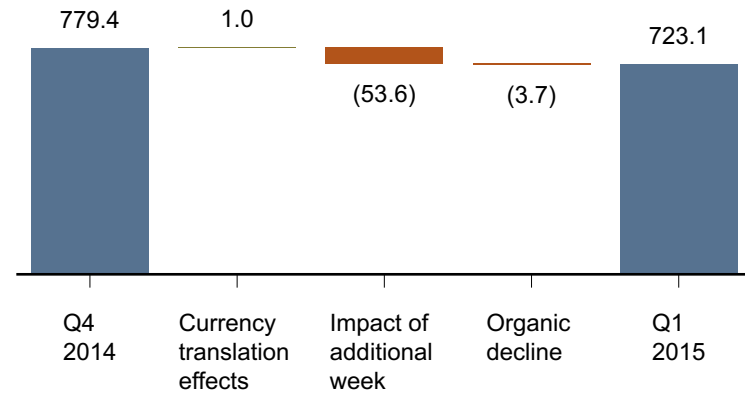
- **Net income** – The increase in net income compared to the prior year was driven by a modest increase in operating results and higher equity in income of unconsolidated joint ventures, as well as restructuring benefits related to the sale of an idle manufacturing facility in the Americas, partially offset by higher income tax expense.
- **Operating income** – The increase in adjusted operating income compared to the prior year was driven by operating leverage from organic revenue growth, largely offset by higher cost of sales in the Americas, EMEA and the Other category.
Sequentially, the decrease in adjusted operating income was largely driven by higher variable compensation and increased cost of sales in the Americas, EMEA and the Other category.
- **Other income (expense), net** – Current quarter other income (expense), net increased compared to the prior year due to higher earnings from unconsolidated equity investments.
- **Income tax expense** – Income tax expense reflected an overall effective tax rate of approximately 41.5%. The higher rate compared to the US statutory rate was primarily driven by losses in EMEA, which result in deferred tax assets in various jurisdictions for which full valuation allowances have been recorded.

Revenue

Current year quarter over prior year quarter



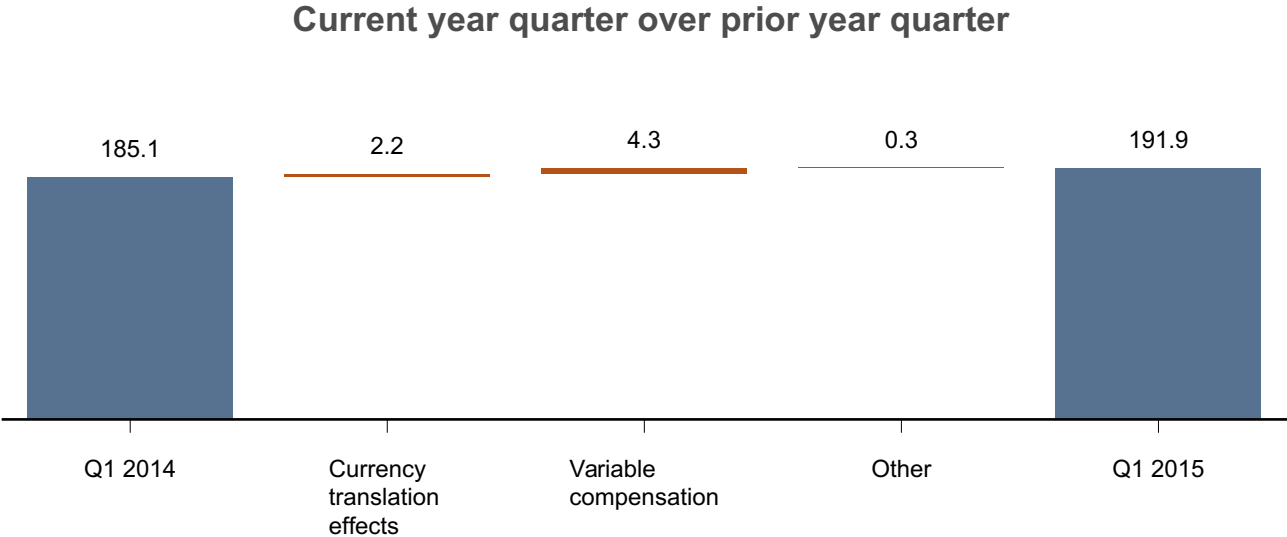
Sequential quarter over quarter



- **Revenue** – The increase in revenue over the prior year quarter was largely driven by organic growth of 8%. The Americas had organic growth of 6%, while EMEA and the Other category experienced double digit organic revenue growth of 10% and 14%, respectively.

On a sequential quarter basis, the organic revenue decline was 1% after adjusting for the impact of the additional week in Q4 2014.

Operating expenses



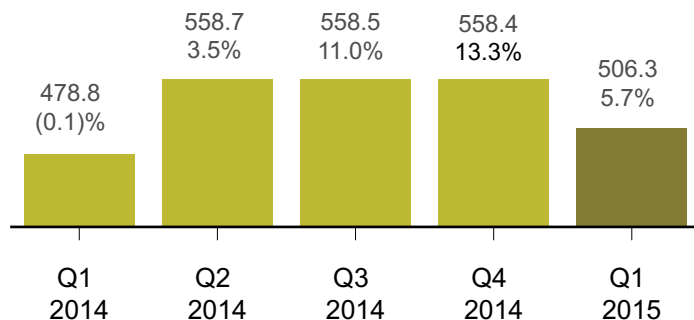
- **Operating expenses** – Higher operating expenses in the current quarter were largely driven by higher variable compensation, of which \$2.5 was related to the gain associated with the sale of an idle manufacturing facility in the Americas, which was recorded as a restructuring benefit.

Quarterly cash flow data (unaudited)

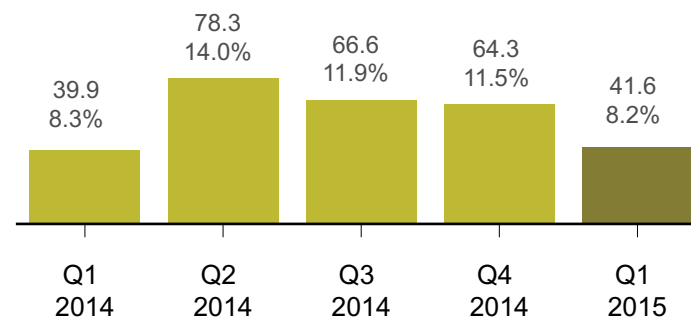
steelcase inc

	May 24, 2013	August 23, 2013	November 22, 2013	February 28, 2014	May 30, 2014
OPERATING ACTIVITIES					
Net income	\$ 13.2	\$ 27.6	\$ 23.0	\$ 23.9	\$ 21.0
Depreciation and amortization	14.1	14.8	14.9	16.2	14.7
Deferred income taxes	0.7	(0.6)	(2.8)	16.8	13.0
Goodwill and intangible asset impairment charges	—	—	12.9	—	—
Restructuring charges (benefits)	4.4	3.3	1.7	(2.8)	(9.7)
Non-cash stock compensation	10.8	1.7	2.2	2.1	9.6
Equity in income of unconsolidated affiliates	(1.7)	(2.8)	(3.1)	(2.6)	(3.7)
Dividends received from unconsolidated affiliates	0.7	2.5	0.8	2.2	2.3
Changes in accounts receivable, net, inventories and accounts payable	(12.9)	(19.9)	(24.6)	41.3	(16.9)
Changes in employee compensation liabilities	(48.0)	16.7	27.6	9.2	(74.4)
Changes in other operating assets and liabilities	(19.3)	11.6	28.9	(28.0)	(26.7)
Other, net	(1.3)	1.5	(1.6)	3.5	(1.8)
Net cash provided by (used in) operating activities	<u>(39.3)</u>	<u>56.4</u>	<u>79.9</u>	<u>81.8</u>	<u>(72.6)</u>
INVESTING ACTIVITIES					
Capital expenditures	(18.4)	(18.0)	(15.5)	(34.9)	(15.8)
Proceeds from disposal of fixed assets	0.9	0.7	0.5	7.4	19.0
Changes in investments, net	56.6	0.1	(104.3)	23.2	35.8
Liquidation of COLI investment	—	—	74.5	—	—
Other, net	(0.4)	(1.1)	(0.5)	4.0	9.8
Net cash provided by (used in) investing activities	<u>38.7</u>	<u>(18.3)</u>	<u>(45.3)</u>	<u>(0.3)</u>	<u>48.8</u>
FINANCING ACTIVITIES					
Dividends paid	(12.5)	(12.6)	(12.5)	(12.6)	(13.6)
Common stock repurchases	(31.7)	(0.1)	(1.0)	(17.1)	(5.9)
Other, net	(1.7)	(0.6)	(0.4)	1.2	(0.6)
Net cash used in financing activities	<u>(45.9)</u>	<u>(13.3)</u>	<u>(13.9)</u>	<u>(28.5)</u>	<u>(20.1)</u>
Effect of exchange rate changes on cash and cash equivalents	(0.8)	(0.1)	0.6	(0.3)	0.4
Net increase (decrease) in cash and cash equivalents	(47.3)	24.7	21.3	52.7	(43.5)
Cash and cash equivalents, beginning of period	150.4	103.1	127.8	149.1	201.8
Cash and cash equivalents, end of period	<u>\$ 103.1</u>	<u>\$ 127.8</u>	<u>\$ 149.1</u>	<u>\$ 201.8</u>	<u>\$ 158.3</u>

Revenue
(% change versus prior year)

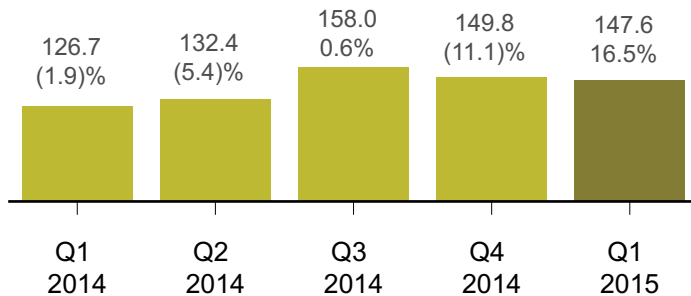


Adjusted operating income
(% of revenue)

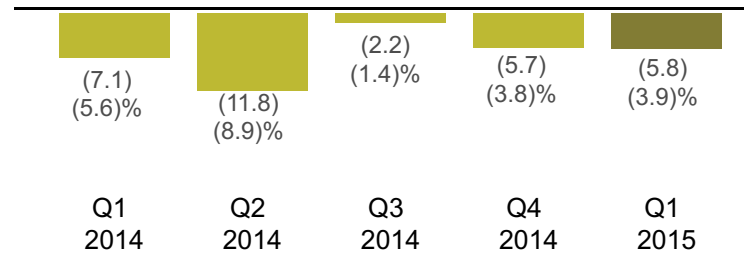


- **Revenue** – Organic revenue growth was \$29.9, or 6%.
 - **Product categories** – Eight out of nine categories experienced growth, led by Architectural Solutions, Steelcase Health, Details, Turnstone and Coalesse.
 - **Vertical markets** – Energy, State and Local Government, Education, Insurance Services and Health Care experienced strong growth while Financial Services, Federal Government, Technical and Professional and Information Technology declined year-over-year.
 - **Geographic regions** – All Business Groups grew, led by double digit growth in the South Business Group.
 - **Contract type** – Project business had strong growth, while continuing business grew modestly and marketing programs declined year-over-year.
- **Operating income** – Current quarter adjusted operating income increased modestly compared to the prior year. Operating leverage associated with the organic revenue growth was largely offset by higher cost of sales related to warranty, freight and distribution costs and increased operating expenses related to higher variable compensation associated with the gain on sale of an idle manufacturing facility, which was recorded as a restructuring benefit.

Revenue
(% change versus prior year)

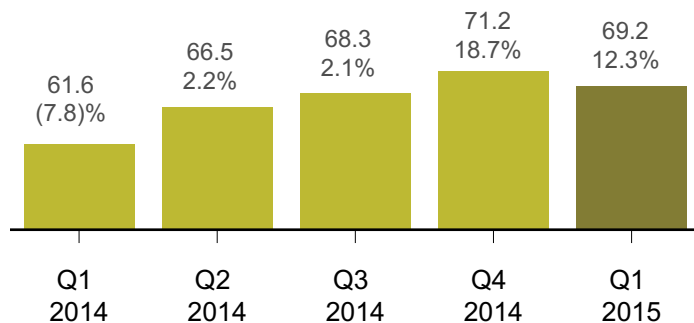


Adjusted operating loss
(% of revenue)

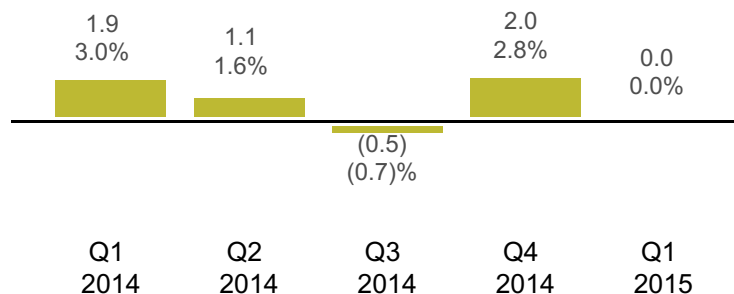


- **Revenue** – Organic revenue growth was \$13.3, or 10%, and included four additional shipping days compared to Q1 2014 due to the timing of our quarterly reporting calendar and EMEA's fiscal year beginning on March 1st every year. Organic growth in the United Kingdom, France and Benelux was partially offset by a decline in the Middle East and Africa (as a group).
- **Operating loss** – The lower adjusted operating loss compared to the prior year was primarily driven by organic revenue growth, partially offset by higher cost of sales associated with higher labor costs and other disruption costs related to the manufacturing footprint changes.

Revenue
(% change versus prior year)



Adjusted operating income (loss)
(% of revenue)



Other

The Other category includes Asia Pacific, Designtex and PolyVision.

- **Revenue** – Organic revenue growth was \$8.4, or 14%. The increase was primarily driven by higher project business at PolyVision.
- **Operating income (loss)** – Higher operating income at PolyVision was offset by higher operating losses in Asia Pacific (due to competitive pricing pressures, increased overhead spending and higher operating expenses) and a small operating loss at Designtex in the current quarter compared to operating income in the prior quarter.

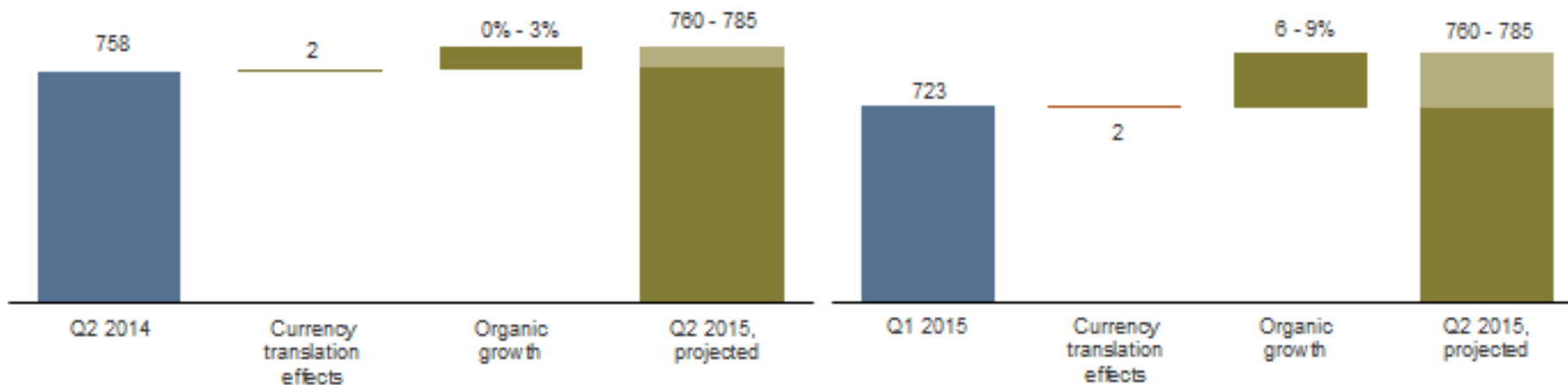
Corporate

- **Operating income (loss)** – Corporate costs of \$9.1 decreased modestly compared to the prior year.

Revenue

Forecast quarter over prior year quarter

Forecast sequential quarter over quarter



Net income

- Expect Q2 2015 diluted earnings per share in the range of \$0.18 - \$0.22. This estimate includes:
 - approximately \$0.04 per share of restructuring costs relating to previously announced restructuring projects and
 - approximately \$6 million of operating costs associated with disruption.
- The Q2 2015 estimates do not include any restructuring costs associated with the project announced today due to the uncertainty of the timing and amount of such costs.
- Expect Q2 2015 adjusted earnings in the range of \$0.22 to \$0.26 per share.
- Reported diluted earnings per share in the prior year were \$0.22 and adjusted earnings per share were \$0.24.

Revenue

Expect Q2 2015 revenue in the range of \$760 - \$785. Adjusted for the items below, we project organic revenue growth in the range of 0% to 3% compared to the prior year. The company reported revenue of \$757.6 in Q2 2014.

- This revenue estimate is based on a euro to U.S. dollar exchange rate assumption of 1.36 as of the end of Q1 2015, which compares to an average exchange rate of 1.31 for Q2 2014 and 1.38 for Q1 2015.
- This and other currency assumptions included in our second quarter revenue estimate are expected to have positive effects on the year-over-year comparison of approximately \$2 and unfavorable effects on the sequential comparison of approximately \$2.

Supplemental Slides

Non-GAAP financial measures

These webcast slides contain certain non-GAAP financial measures. A “non-GAAP financial measure” is defined as a numerical measure of a company’s financial performance that excludes or includes amounts so as to be different than the most directly comparable measure calculated and presented in accordance with GAAP in the statements of income, balance sheets or statements of cash flow of the company. Pursuant to the requirements of Regulation G, the company has provided a reconciliation of non-GAAP financial measures to the most directly comparable GAAP financial measure.

The non-GAAP financial measures used within these webcast slides are: (1) organic revenue growth (decline), which represents the change in revenue excluding currency translation effects, the impacts of acquisitions and divestitures and an additional week in Q4 2014; (2) adjusted operating income (loss), which represents operating income (loss), excluding restructuring costs (benefits) and goodwill and intangible asset impairment charges; and (3) adjusted earnings (loss) per share, which represents earnings (loss) per share, excluding restructuring costs (benefits) and goodwill and intangible asset impairment charges, net of tax. These measures are presented because management uses this information to monitor and evaluate financial results and trends. Therefore, management believes this information is also useful for investors.

Reconciliation of non-GAAP measures – organic growth (decline) and adjusted earnings per share

YEAR OVER YEAR ORGANIC REVENUE GROWTH BY SEGMENT

Q1 2015 vs. Q1 2014

	Steelcase Inc.	Americas	EMEA	Other category
Q1 2014 revenue	\$ 667.1	\$ 478.8	\$ 126.7	\$ 61.6
Currency translation effects*	4.4	(2.4)	7.6	(0.8)
Q1 2014 revenue, adjusted	671.5	476.4	134.3	60.8
Q1 2015 revenue, reported	723.1	506.3	147.6	69.2
Organic growth \$	\$ 51.6	\$ 29.9	\$ 13.3	\$ 8.4
Organic growth %	8%	6%	10%	14%

SEQUENTIAL ORGANIC REVENUE GROWTH (DECLINE) BY SEGMENT

Q1 2015 vs. Q4 2014

	Steelcase Inc.	Americas	EMEA	Other category
Q4 2014 revenue	\$ 779.4	\$ 558.4	\$ 149.8	\$ 71.2
Currency translation effects*	1.0	(0.6)	1.4	0.2
Impact of additional week	(53.6)	(36.2)	(11.6)	(5.8)
Q4 2014 revenue, adjusted	726.8	521.6	139.6	65.6
Q1 2015 revenue, reported	723.1	506.3	147.6	69.2
Organic growth (decline) \$	\$ (3.7)	\$ (15.3)	\$ 8.0	\$ 3.6
Organic growth (decline) %	(1)%	(3)%	6%	5%

PROJECTED ORGANIC REVENUE GROWTH

	Year over year		Sequential	
	Q2 2015 vs. Q2 2014		Q2 2015 vs. Q1 2015	
Prior quarter revenue	\$ 758		\$ 723	
Currency translation effects**	2		(2)	
Prior quarter revenue, adjusted	760		721	
Q2 2015 revenue, projected	760 - 785		760 - 785	
Organic growth \$	\$ 0 - 25		\$ 39 - 64	
Organic growth %	0% - 3%		6% - 9%	

PROJECTED ADJUSTED EARNINGS PER SHARE

	Q2 2015 vs. Q2 2014	
	Projected	
	Q2 2015	Q2 2014
Diluted earnings per share	\$ 0.18 - 0.22	\$ 0.22
Restructuring costs per share, net of tax	0.04	0.02
Diluted earnings per share, adjusted	\$ 0.22 - 0.26	0.24

* Currency translation effects represent the estimated net effect of translating prior quarter foreign currency revenues using the average exchange rate during the current quarter.

** Currency translation effects represent the estimated net effect of translating prior quarter foreign currency revenues using the exchange rate at the end of the most recent quarter.

Reconciliation of non-GAAP measures – adjusted operating income (loss)

(\$ and % of revenue)

Steelcase Inc.	Q1 2014		Q2 2014		Q3 2014		Q4 2014		Q1 2015	
	\$	%	\$	%	\$	%	\$	%	\$	%
Operating income	\$ 20.4	3.1 %	\$ 52.0	6.9 %	\$ 39.3	5.0 %	\$ 54.2	7.0 %	\$ 36.4	5.0 %
Add: goodwill and intangible asset impairment charges	—	—	—	—	12.9	1.6	—	—	—	—
Add: restructuring costs (benefits)	4.4	0.6	3.3	0.4	1.7	0.2	(2.8)	(0.4)	(9.7)	(1.3)
Adjusted operating income	\$ 24.8	3.7 %	\$ 55.3	7.3 %	\$ 53.9	6.8 %	\$ 51.4	6.6 %	\$ 26.7	3.7 %
Americas	Q1 2014		Q2 2014		Q3 2014		Q4 2014		Q1 2015	
	\$	%	\$	%	\$	%	\$	%	\$	%
Operating income	\$ 38.7	8.1 %	\$ 78.3	14.0 %	\$ 66.6	11.9 %	\$ 63.8	11.4 %	\$ 53.2	10.5 %
Add: goodwill and intangible asset impairment charges	—	—	—	—	—	—	—	—	—	—
Add: restructuring costs (benefits)	1.2	0.2	—	—	—	—	0.5	0.1	(11.6)	(2.3)
Adjusted operating income	\$ 39.9	8.3 %	\$ 78.3	14.0 %	\$ 66.6	11.9 %	\$ 64.3	11.5 %	\$ 41.6	8.2 %
EMEA	Q1 2014		Q2 2014		Q3 2014		Q4 2014		Q1 2015	
	\$	%	\$	%	\$	%	\$	%	\$	%
Operating loss	\$ (10.3)	(8.1)%	\$ (15.1)	(11.4)%	\$ (3.7)	(2.3)%	\$ (2.3)	(1.5)%	\$ (7.7)	(5.2)%
Add: goodwill and intangible asset impairment charges	—	—	—	—	—	—	—	—	—	—
Add: restructuring costs (benefits)	3.2	2.5	3.3	2.5	1.5	0.9	(3.4)	(2.3)	1.9	1.3
Adjusted operating loss	\$ (7.1)	(5.6)%	\$ (11.8)	(8.9)%	\$ (2.2)	(1.4)%	\$ (5.7)	(3.8)%	\$ (5.8)	(3.9)%
Other category	Q1 2014		Q2 2014		Q3 2014		Q4 2014		Q1 2015	
	\$	%	\$	%	\$	%	\$	%	\$	%
Operating income (loss)	\$ 1.9	3.0 %	\$ 1.1	1.6 %	\$ (13.6)	(19.9)%	\$ 1.9	2.7 %	\$ —	— %
Add: goodwill and intangible asset impairment charges	—	—	—	—	12.9	18.9	—	—	—	—
Add: restructuring costs	—	—	—	—	0.2	0.3	0.1	0.1	—	—
Adjusted operating income (loss)	\$ 1.9	3.0 %	\$ 1.1	1.6 %	\$ (0.5)	(0.7)%	\$ 2.0	2.8 %	\$ —	— %